

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 DOEE-00 SSO-00 JUSE-00 OPIC-03
SIL-01 EA-10 NEA-11 OIC-02 /153 W
-----072105 281912Z /42

P R 281729Z JUN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 4007
INFO ALL OECD CAPITALS
AMEMBASSY BRUSSELS
USMISSION GENEVA
AMEMBASSY WARSAW
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY PRAGUE
AMEMBASSY SOFIA

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USOECD

USEEC

USMTN

E.O. 11652: N/A
TAGS: ETRD, OECD, EEWT, MTN, GATT
SUBJECT: EASTERN RECIPROCITY IN THE MTN: MEETING
OF OECD TRADE COMMITTEE WORKING PARTY JUNE 27-28

1. DURING DISCUSSION OF BALANCE OF ADVANTAGES AT
JUNE 27-28 MEETING OF TCWP ON EAST-WEST TRADE, EC
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COMMISSION REP (JONSSON) GAVE RUNDOWN ON STATUS OF
THEIR NEGOTIATIONS WITH EASTERN EUROPEAN MTN
PARTICIPANTS. COMMISSION REP SAID THAT EAST HAD
NOT BEEN FORTHCOMING AND HE CHARACTERIZED THEIR
ATTITUDE AS "WAITING FOR THE ORANGES TO FALL,"
ASSUMING THEY WOULD NOT HAVE TO CONTRIBUTE ANYTHING
TO GET BENEFITS OF OTHERS' MFN REDUCTIONS. ROMANIANS

WERE MOST NEGATIVE OF THE GROUP. EC REP CLOSED WITH PLEA TO OTHER COUNTRIES TO INSIST ON SOME QUID PRO QUO FROM EAST EVEN IF SECTORAL IMPORT COMMITMENTS WERE NOT CONSIDERED DESIRABLE.

2. EC REP REPORTED DIFFERING REACTIONS TO EC QUANTITATIVE SECTORAL IMPORT COMMITMENT (SIC) REQUESTS. CZECHS AND ROMANIANS REJECTED THEM OUTRIGHT. HUNGARY REPLIED MORE POLITELY THAT HUNGARY'S TARIFF OFFER WAS BETTER THAN EC'S. POLAND AND BULGARIA LEFT THEIR DOORS SLIGHTLY OPEN IN RESPONSE TO SIC REQUESTS, ALTHOUGH THEY SAID THEIR PLAN WAS INTERNAL MATTER WHICH THEY COULD NOT AGREE TO MODIFY TO MEET EC DESIRES. EC THEN ASKED THEM TO MAKE AN OFFER WHICH WOULD BE CONSISTENT WITH THEIR TRADING SYSTEM. SHOWING SOME SENSITIVITY TO WESTERN COMPLAINTS ABOUT EC BILATERAL AGRICULTURAL REQUESTS, EC REP REPEATED THAT EC WOULD BE WILLING TO MAKE THEM MULTILATERAL. HE EXPLAINED THAT ORIGINAL REQUESTS WERE BILATERAL BECAUSE EC COULD NOT DETERMINE PRINCIPAL SUPPLIERS OF THESE GOODS ON THE BASIS OF POOR EASTERN DATA.

3. EC SAID EASTERN EUROPEANS HAD BEEN MORE FORTHCOMING TO EC REQUESTS FOR GREATER "MARKET " TRANSPARENCY." HUNGARY HAS ALREADY PROVIDED STATISTICS ON IMPORTS FROM GATT COUNTRIES, ALTHOUGH LIMITED OFFICIAL USE

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EC THOUGHT EXCLUSION OF NON-GATT CMEA COUNTRIES WAS UNHELPFUL.

4. EC ALSO REFINED ITS POSITION ON EASTERN EUROPEAN TARIFFS SOMEWHAT. EC DOES NOT SEE THESE TARIFFS AS THE MAIN INSTRUMENT OF TRADE POLICY, BUT RATHER AS A "FISCAL INSTRUMENT." ALTHOUGH GATT ACCEPTED HUNGARIAN TARIFF, EC DOES NOT BELIEVE THAT IT IS ONLY INSTRUMENT FOR CONTROLLING IMPORTS. HUNGARY'S CEMA TRADE IS ESTABLISHED IN ADVANCE BY AGREEMENT, SOME LICENSING AND FOREIGN CURRENCY REGULATIONS ALSO LIMIT IMPORTS, AND THERE IS A GENERAL PLAN AFFECTING FOREIGN TRADE. BUT EC NOTED THAT EASTERN TARIFFS DIFFERED SIGNIFICANTLY, AND SAID THAT THE HUNGARIAN FOREIGN TRADE SYSTEM IS THE MOST RESTRICTIVE, SINCE IT IS BASED ON A DETAILED FOREIGN TRADE PLAN.

5. SAFEGUARDS CODE: EC NOTED THAT SAFEGUARDS CONTAINED IN GATT ACCESSION PROTOCOLS SHOULD BE THE BASIS FOR THE TREATMENT OF NONMARKET-ECONOMY PRODUCTS.

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P R 281729Z JUN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 4008
INFO ALL OECD CAPITALS
AMEMBASSY BRUSSELS
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6. US SAID IT HAD ALSO FOUND EASTERN EUROPEANS NOT
FORTHCOMING. US NOTED ROMANIANS HAD LITTLE TO GAIN
FROM MTN, IN PART BECAUSE THEY WERE ELIGIBLE FOR
GSP, BUT THAT US/ROMANIAN TRADE AGREEMENT SPECIFICALLY
REQUIRED MTN RECIPROCITY. US DID NOT GRANT MFN TO
CZECHOSLOVAKIA AND BULGARIA, SO NO NEGOTIATIONS WERE
IN PROGRESS. US REP SAID US WAS CONSIDERING GIVING
HUNGARY SOME CREDIT FOR REDUCTIONS IN ITS TARIFFS,
AND WAS ALSO CONSIDERING NON-TARIFF REQUESTS, ASSUMING
THAT US/HUNGARIAN TRADE AGREEMENT GRANTING MFN WOULD
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BE APPROVED BY CONGRESS BEFORE MTN COMPLETED.

7. SWITZERLAND AND SWEDEN SAID THEY HAD HAD CONSULTATIONS WITH HUNGARY, BUT THEY HAD NOT MADE ANY REQUESTS OF HUNGARIANS OR ANY CHANGES IN THEIR GENERAL TARIFF OFFER. SWISS REP SAID HUNGARY'S TARIFF HAD BEEN ACCEPTED AT ACCESSION AND ASKED WHETHER WEST COULD "RENEGOTIATE" ANY ACCESSION PROTOCOLS IN MTN. SWEDEN SAID THEY MENTIONED TO HUNGARIANS THEIR HESITANCY ABOUT ACCEPTING TARIFF CUTS AS RECIPROCITY. SWEDEN ALSO SAID IT WOULD HAVE GREAT DIFFICULTY ACCEPTING ANY TARIFF NEGOTIATIONS WITH POLAND, SINCE TARIFF HAD NOT EVEN BEEN PRESENTED TO GATT. SWEDISH POSITION IS SIMILAR FOR ROMANIA, SINCE A WORKING PARTY ON ROMANIAN TARIFF IS STILL IN BEING.

8. JAPANESE DEL SAID THAT EASTERN EUROPEANS SHOULD GIVE MORE INFORMATION ON THEIR MARKETS, IN ORDER TO MAKE TARIFF CONCESSIONS MORE WORTHWHILE. JAPANESE DID NOT BELIEVE BILATERAL QUANTITATIVE REQUESTS ARE APPROPRIATE.

SALZMAN

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